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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or what action you should take, you should consult a person authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.**

This document is drawn up under the AIM Rules. As the Placing Shares will be offered to fewer than 100 persons (other than qualified investors within the meaning of section 86(7) of FSMA) per member state of the European Economic Area, there will be no offer of securities to the public within the meaning of section 102B of FSMA. Accordingly, this document is not a prospectus and does not require the approval of the Financial Services Authority.

The Directors of Alpha Strategic PLC ("Company"), whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. All the Directors accept responsibility accordingly.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription made pursuant to this document will, under any circumstances, create any implication that there has been any change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to the date of this document. The Company is not authorised pursuant to FSMA, and no such authorised person has approved the content of this document in accordance with section 21 of FSMA. Accordingly, this document constitutes a communication made only to persons who fall within exemptions from the financial promotion restriction in section 21 of FSMA as set out in the provisions of articles 12(1)(a), 19, 48, 49, 50, 50A and 51 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"). The distribution of this document other than in reliance upon the previously mentioned provisions of the Order is not permitted and may contravene FSMA. No person falling outside those provisions should treat this document as constituting a promotion to him, nor place any reliance upon its content, for any purposes whatever.

**Application has been made for the entire issued and to be issued Ordinary Share capital of the Company to be admitted to trading on AIM, the market operated by the London Stock Exchange ("AIM"). It is expected that such application to AIM will become effective and that dealings will commence on 11 August 2005.**

**No application has been made for the 'A' Shares to be admitted to trading on AIM or to be listed on any stock exchange.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority ("Official List"). A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to listing on the Official List. London Stock Exchange plc has not itself examined or approved the contents of this document.**

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# Alpha Strategic PLC

*(incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5387808)*

## Placing of 2,950,000 Ordinary Shares at 100p per Share and Application for Admission to AIM of 3,000,000 Ordinary Shares

*Nominated Adviser*

**STRAND PARTNERS LIMITED**

*Broker*

**TEATHER & GREENWOOD LIMITED**

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### SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company as it is expected to be immediately following completion of the Placing described in this document:

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
10,050,000	£100,500	Ordinary Shares of 1p	3,000,000	£30,000
2,000	£49,500	'A' Shares of £24.75p	2,000	£49,500

The Placing Shares will on issue rank equally in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared after their issue in respect of the ordinary share capital of the Company.

Strand Partners Limited, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to the Company in connection with the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. Teather & Greenwood Limited, which is authorised and regulated by the Financial Services Authority, is acting as Broker to the Company in connection with the proposed admission of the Enlarged Share Capital to trading on AIM. No representation or warranty, express or implied, is made by Strand Partners Limited or Teather & Greenwood Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Neither Strand Partners Limited nor Teather & Greenwood Limited will be offering advice and nor will they otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

**The Company is a recently formed company with no trading record. The whole of the text of this document should be read and in particular your attention is drawn to the section entitled "Risk Factors" set out in Part 2 of this document.**

## CONTENTS

	<i>Page</i>
<b>Definitions</b>	3
<b>Placing statistics</b>	5
<b>Expected timetable of principal events</b>	5
<b>Directors, secretary and advisers</b>	6
<b>PART 1 Information on the Company</b>	7
<b>PART 2 Risk Factors</b>	12
<b>PART 3A Accountant's Report on the Company</b>	14
<b>PART 3B Financial Information on the Company</b>	16
<b>PART 4 Additional Information</b>	17
1. The Company	17
2. Share capital of the Company	17
3. Memorandum of association	19
4. Articles of association	19
5. United Kingdom Taxation	22
6. Substantial shareholders	24
7. Directors' interests and other matters	24
8. Litigation	26
9. Material contracts	26
10. Working capital	28
11. General	29
12. Documents available for inspection	29
13. Copies of this document	30

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“A’ Shares”	convertible ‘A’ shares of £24.75 each in the capital of the Company, the rights of which are described in paragraph 4.1 of Part 4 of this document
“Act”	the Companies Act 1985, as amended
“Admission”	the effective admission of the Enlarged Share Capital of the Company to trading on AIM in accordance with the AIM Rules
“AIM”	the AIM market operated by the London Stock Exchange
“AIM Rules”	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange from time to time
“Articles”	the Articles of Association of the Company adopted by the Company on 8 July 2005, the material terms of which are summarised in paragraph 4 of Part 4 of this document
“BDO Stoy Hayward”	BDO Stoy Hayward LLP
“Board” or “Directors”	the directors of the Company, whose names appear on page 6 of this document
“Combined Code”	the code of best practice, including the principles of good governance, as set out in the Combined Code on Corporate Governance published in July 2003 by the Financial Reporting Council
“Company” or “Alpha Strategic”	Alpha Strategic PLC, registered in England and Wales under the Act with registered number 5387808
“CREST”	the System (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001/3755)
“Deferred Shares”	deferred shares of 1p each in the capital of the Company
“Enlarged Share Capital”	the issued share capital of the Company immediately following completion of the Placing, comprising the Existing Ordinary Shares and the Placing Shares
“Existing Ordinary Shares”	the 50,000 Ordinary Shares in issue prior to the Placing
“Fully Diluted Equity”	at any date all of the issued Ordinary Share capital plus all of the Ordinary Share capital which would arise on the exercise in full of all rights (whether or not contingent and assuming full performance of any performance linked rights) to subscribe for Ordinary Shares, but excluding any Ordinary Shares issued as a result of conversion of ‘A’ Shares and any Ordinary Shares issued pursuant to an employee share option scheme
“Group”	the Company and any subsidiary of the Company
“Hedge Fund(s)”	an investment fund that commonly uses active strategies, possibly unavailable to other investment vehicles, in order to maximise investor funds
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the United Kingdom Listing Authority
“Ordinary Shares” or “Shares”	ordinary shares of 1p each in the capital of the Company

“Placees”	subscribers for Placing Shares
“Placing”	the placing of the Placing Shares described in this document at the Placing Price
“Placing Price”	100p per Placing Share
“Placing Shares”	2,950,000 Ordinary Shares the subject of the Placing
“Share Dealing Code”	the code on dealings in the Company’s securities adopted by the Company, that complies with the AIM Rules
“Shareholder”	a holder of Ordinary Shares or ‘A’ Shares (as the context may require)
“Strand Partners”	Strand Partners Limited
“Strand Warrant”	the warrant instrument dated 1 August 2005 in favour of Strand Partners for the right to subscribe for new Ordinary Shares as described in paragraph 9.1 of Part 4 of this document
“Target” or “Targets”	entities whose characteristics match the Company’s investment strategy as set out in Part 1 of this document
“Teather & Greenwood”	Teather & Greenwood Limited
“Teather & Greenwood Warrant”	the warrant instrument dated 1 August 2005 in favour of Teather & Greenwood for the right to subscribe for new Ordinary Shares as described in paragraph 9.2 of Part 4 of this document
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

## PLACING STATISTICS

Number of Ordinary Shares in issue prior to the Placing	50,000
Placing Price	100p
Number of Placing Shares being issued pursuant to the Placing	2,950,000
Percentage of the Enlarged Share Capital held by the Placees (excluding the Directors) on Admission	78.3 per cent.
Percentage of the Enlarged Share Capital held by the Directors on Admission	21.7 per cent.
Total gross proceeds of the Placing	£2,950,000
Total gross proceeds of the Placing and existing cash funds	£3,000,000
Estimated total expenses of the Placing to be incurred by the Company (excluding the Strand Warrant and the Teather & Greenwood Warrant)	£295,000
Total estimated net proceeds of the Placing to be received by the Company	£2,655,000
Market capitalisation of the Company on Admission at the Placing Price	£3,000,000

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	2 August 2005
Admission effective and dealings to commence in the Ordinary Shares on AIM	11 August 2005
CREST accounts credited by	11 August 2005
Definitive share certificates for the Placing Shares expected to be despatched (where applicable) by	25 August 2005

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Colin Barrow ( <i>Executive Chairman</i> ) Christopher Laurie Malthouse ( <i>Chief Executive Officer</i> ) Colin Martin Clark ( <i>Non-Executive Director</i> ) all of 8 Barton Street, London SW1P 3NE
<b>Company secretary</b>	Christopher Laurie Malthouse
<b>Registered office</b>	8 Barton Street Westminster London SW1P 3NE
<b>Telephone Number</b>	020 7222 2223
<b>Nominated Adviser</b>	Strand Partners Limited 26 Mount Row London W1K 3SQ
<b>Broker</b>	Teather & Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR
<b>Solicitors to the Company</b>	SJ Berwin LLP 222 Gray's Inn Road London WC1X 8XF
<b>Solicitors to the Broker</b>	Clyde & Co 51 Eastcheap London EC3M 1JP
<b>Auditors and Reporting Accountants</b>	BDO Stoy Hayward LLP 8 Baker Street London W1U 3LL a member firm of the Institute of Chartered Accountants of England & Wales
<b>Registrars</b>	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
<b>Public Relations</b>	The Maitland Consultancy Limited Orion House 5 Upper St. Martins Lane London WC2H 9EA

## **PART 1**

### **Information on the Company**

#### **Introduction**

Alpha Strategic is a newly formed investment company whose primary objective is to acquire stakes in, and/or enter into joint ventures with, Hedge Fund management firms primarily using its Ordinary Shares as consideration. The Board's intention is to build a portfolio of holdings in Hedge Fund management firms to provide an income stream with strong growth and which should perform in most market conditions. The purpose of the Placing is to raise funds to enable the Company to initiate its investment strategy.

Upon Admission the Company will have no trading businesses or subsidiaries. The funds raised through the Placing together with existing cash funds will be applied to carrying out financial and legal due diligence on potential transactions and to cover the Company's initial working capital requirements. Although it is expected that the consideration for the acquisition of interests in Hedge Fund management firms will be satisfied by the issue of Ordinary Shares, additional funds may be required, where appropriate, to meet any cash consideration payable in respect of any such acquisitions or transactions and to provide working capital. Although the Directors are confident that there are a number of Hedge Fund managers for whom the investment strategy described above will be attractive, there is no guarantee that any negotiations will lead to the successful completion of acquisitions or transactions.

#### **Background and investment strategy**

The Hedge Fund industry has grown rapidly in recent years and is characterised by a large number of boutique organisations, largely dependent on one or two principals, who employ a small but varied number of investment strategies to generate returns for investors. Successful Hedge Fund businesses also generate significant returns for their principals but they are potentially vulnerable due to a lack of sector diversification. In addition, ownership of such businesses is often illiquid, and access to Ordinary Shares should improve personal financial planning for Hedge Fund principals and incentivisation for junior employees. The Directors believe that an opportunity exists to acquire and consolidate holdings in such companies under the umbrella of a more diversified group with the intention of providing enhanced returns for both the Shareholders and shareholders of Targets.

The success of these businesses depends upon the expertise, commitment and continued incentivisation of the Hedge Fund principals. The Directors recognise this and initially intend to buy minority stakes in European based Hedge Fund management firms that exhibit strong historical returns and which the Directors believe demonstrate good potential for growth. The group thus formed would be an active investor, acting as a holding company with a diversified and stable revenue stream arising from a variety of investment strategies. The Directors would also consider the acquisition of majority stakes in Hedge Fund management firms should the opportunities arise. Targets will be sought with complementary investment strategies, such that the portfolio of companies acquired should over time perform in a variety of market conditions.

The Directors collectively have general experience in the Hedge Fund and financial services industries, and have already identified a number of possible Targets for acquisition and/or investment. The Directors intend to use such experience in their evaluation of such proposed investments. The Directors have not yet entered into any negotiations or made any firm commitments, but are confident that the business model proposed will be attractive to shareholders in Hedge Funds. When an acquisition is agreed due diligence will be performed by the Company's advisers in the usual manner.

#### **Current trading and prospects**

Except for entering into the contracts referred to in paragraph 9 of Part 4 of this document, the Company has not traded since incorporation. The Directors recognise that the Company's

prospects depend upon the Company's ability to identify transactions which demonstrate potential for growth in value.

The Directors have reviewed the Hedge Fund market and concluded that there are a significant number of suitable Targets for whom a transaction with the Company would, in the Directors' opinion, make commercial sense. However, as yet, no discussions have been entered into. Following Admission, the Directors intend to approach and enter into negotiations with those Hedge Fund management firms that appear to best fit the Company's investment criteria. There is no guarantee that negotiations will lead to successful acquisitions.

To implement its strategy, it will be necessary to issue new Ordinary Shares to satisfy consideration payable in respect of the acquisitions contemplated and it may be necessary for the Company to raise additional capital through the issue of further Ordinary Shares.

### **Return of capital to Shareholders**

If the Company has not made an investment within twelve months from Admission the Board will convene an extraordinary general meeting at which proposals will be put to shareholders to either continue pursuing the acquisition of stakes in Hedge Fund management firms or liquidate the assets of the Company and distribute the proceeds amongst shareholders.

### **Terms of the Placing**

The net proceeds of the Placing of approximately £2,655,000 will be used to provide general working capital, to investigate transactions and to finance transactions (where necessary), in that order of priority.

The Placing Shares will rank equally with the Existing Ordinary Shares and in full for any dividends and other distributions paid or made in respect of the ordinary share capital of the Company after their issue.

The Placing is conditional, among other things, on Admission. Application has been made to the London Stock Exchange for all the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on 11 August 2005.

No application has or will be made for the 'A' Shares to be admitted to trading or to be listed on any stock exchange.

Placees that have asked to hold their Ordinary Shares in uncertificated form will have their CREST accounts enabled on the day of Admission. Where Placees have requested to receive their Ordinary Shares in certificated form, share certificates will be despatched by first-class post within 14 days of the date of Admission.

### **Directors**

The Board currently is comprised of the executive chairman, one executive and one non-executive director as follows:

#### ***Colin Barrow (Age 53) (Executive Chairman)***

Colin is a veteran of the Hedge Fund industry having been managing director of ED&F Man, now Man Group plc. Colin was instrumental in the design and growth of the ED&F Man managed funds business from inception to flotation in 1994. He was involved in purchasing both the Mint and AHL futures management businesses, the latter still forming the core of the Man business. In 1996 Colin became Chairman of Sabre Fund Management, and is also a founding partner of Eiger Capital – an investment management business focusing on the international and domestic corporate bond and asset backed securities markets. Colin has also served as Chairman of the Improvement and Development Agency for Local Government and is a Westminster City Councillor.

#### ***Christopher (known as Kit) Malthouse (Age 38) (Chief Executive Officer)***

A chartered accountant, Kit has spent most of his career in structured finance. Initially working with a property developer devising strategies and structures to maximise tax advantages in regeneration led development and the transfer of this benefit to investors. In parallel, Kit was a

founder director of County Asset Finance Limited, an equipment leasing business, and in 2001 he led the management buyout of this business. Kit was elected to Westminster City Council in 1998 and within 3 years had become Deputy Leader and Cabinet member for Finance. In this role he had operational responsibility for a gross budget of £825 million and over 4,500 employees, producing one of the lowest levels of council tax in the country.

**Colin Clark (Age 46) (Non-Executive Director)**

Colin joined Mercury Asset Management (“MAM”) in 1981 when it was a division of S.G. Warburg. During a successful 21 year career he managed UK equity portfolios for institutional clients and rose to become responsible for the marketing of MAM’s products into the US institutional market from New York. On his return to London he was appointed head of UK institutional marketing and subsequently Head of Global Sales and Marketing for MAM, a key position in a small senior management team, when MAM was an independent company, and a member of the FTSE 100. In 1997, following their acquisition of MAM, Colin held the positions of Head of Global Sales and Marketing for Merrill Lynch Mercury Asset Management and following the creation of Merrill Lynch Investment Managers, was Head of Global Marketing.

Colin is a Non Executive Director of Standard Life Investments, a Non Executive Director of The Royal Marsden NHS Foundation Trust, a Partner of the advisory firm Barchester Group and a founder shareholder of Notting Hill Preparatory School.

The Board intends to make further executive and non-executive appointments as the Company’s acquisition programme progresses and suitable candidates are identified. In all likelihood appropriate individuals will be found within any businesses acquired, but if this is not the case, consideration will be given to initiating an executive search process. The Directors may also appoint further independent, non-executive directors at appropriate stages in the Company’s development.

The Directors believe that the Board collectively has the necessary experience in the Hedge Fund and financial services sectors to enable the Company to achieve its objectives. Where and when appropriate, the Directors may seek to supplement the Board’s access to expertise, skills and contacts specific to the Hedge Fund sector by additional appointments either from among the key management of acquired businesses or from within the industry generally.

**Lock-in arrangements**

Following the Placing and Admission the Directors will in aggregate be interested in 650,000 Ordinary Shares which will represent 21.7 per cent. of the Enlarged Share Capital. The Directors have undertaken to the Company, Teather & Greenwood and Strand Partners that except in limited circumstances, neither they nor their connected persons will sell or dispose, or agree to dispose, of any of their Ordinary Shares for a period of 12 months from Admission and, for a further 12 months thereafter, they will only sell or dispose, or agree to dispose, of their Ordinary Shares through the Company’s broker from time to time.

The ‘A’ Shares are not transferable except to family members and family trusts.

**Incentive arrangements**

The Directors hold 2,000 ‘A’ Shares. Each ‘A’ Share shall become convertible at the election of each holder of ‘A’ Shares into Ordinary Shares between the first and fifth anniversary of Admission. Such conversion is conditional on the average closing mid-market price for each Ordinary Share, as derived from AIM or some other recognised exchange, being equal to or greater than a sum which is double the Placing Price for thirty consecutive business days in that period. To the extent that any ‘A’ Shares remain unconverted on the fifth anniversary following Admission the remaining ‘A’ Shares shall become convertible at the election of each holder of ‘A’

Shares into Ordinary Shares between the fifth and tenth anniversary of Admission, only if the average closing mid-market price for each Ordinary Share, as derived from AIM or some other recognised exchange is equal to or greater than a sum which is triple the Placing Price over thirty consecutive business days in that period.

Each 'A' Share shall convert into 0.005 per cent. of the Fully Diluted Equity. In aggregate the 'A' Shares convert into 10 per cent. of the Fully Diluted Equity.

The Company also intends to grant share options over Ordinary Shares and/or a participation in long term incentive arrangements, both of which will be subject to detailed performance criteria, to the executive Directors upon completion of the first acquisition by the Company after Admission.

### **Dividend policy**

The Company has not paid any dividends since incorporation. However, following Admission, if the Company's investment strategy is successful then substantial cash flow could be generated and much of this would be distributed as dividend. It is also the intention of the Directors that the Company should achieve capital growth and sufficient funds would be retained to finance the further growth of the Group.

### **Corporate governance**

The Board is committed to maintaining high standards of corporate governance and, in so far as is practicable given the Company's size and nature, compliance with the Combined Code.

The Company has adopted the Share Dealing Code for the Directors and future employees and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.

The Directors will implement such corporate governance procedures and establish such committees of the Board as will be required, including audit and remuneration committees, for it to comply with the terms of the Combined Code upon completion of the first significant acquisition by the Company, in so far as is appropriate for a company of its size.

The Directors have established financial controls and reporting procedures which are considered appropriate given the size and structure of the Company. These controls will be reviewed in light of significant acquisitions and adjusted accordingly.

### **Taxation**

**Information regarding certain taxation considerations in the United Kingdom is set out in paragraph 5 of Part 4 of this document. These details are, however, intended only as a general guide to the current position under UK taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser immediately.**

### **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. In accordance with standard practice, the issued Ordinary Shares will be made eligible for settlement in CREST as contemplated by the CREST Regulations with effect from Admission. The Company's articles of association permit the holdings of Ordinary Shares in CREST. Permission is anticipated to be given for trading through CREST to begin on Admission.

Accordingly, settlement of transactions in the Ordinary Shares may take place within the CREST system if the relevant holders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

No temporary documents of title will be issued. All documents sent by or to a Placee, or at his direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

**Additional information**

Your attention is drawn to the information contained in Parts 2 to 4 of this document.

## PART 2

### Risk Factors

**The investment detailed in this document may not be suitable for all its recipients. Before making an investment decision, prospective investors are advised to consult an investment adviser authorised under the Financial Services and Markets Act 2000 who specialises in investments of the kind described in this document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company:

1. there can be no guarantee that the price of the Placing Shares will reflect their actual or potential market value;
2. the price at which investors may realise their Ordinary Shares and the timing of any disposal of them may be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the business sectors in which the Company operates and generally. These factors could include the performance of the Company's operations, large purchases or sales of shares in the Company, liquidity or absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Group and general economic conditions;
3. potential investors should be aware that the value of shares can go down as well as up, and that an investment in a share which is to be traded on AIM is likely to be less realisable and to carry a higher degree of risk than an investment in a share quoted on the Official List. Accordingly, investors may not recover the whole of their investment or could lose all of their investment;
4. the Company's future performance, and that of any companies which it invests in, will depend heavily on its ability to retain the services of its Directors and to attract, motivate and retain the services of suitable personnel. Although such individuals have entered or would at the time of their appointment be expected to enter into service agreements or letters of appointment with the Company, the loss of the services of any such individual may have a material adverse affect on the business, operations, revenues and/or prospects of the Group;
5. the Company has never traded and its future success will depend on the Directors' ability to implement its strategy. While the Directors are optimistic about the Company's prospects, there is no certainty that anticipated acquisitions, revenues or growth will be achieved;
6. the business of the Group may be dependent on the retention of the regulatory licences of its Targets or associated joint venture partners. Where this is the case, there can be no guarantee that these parties will be able to retain or renew their licences;
7. with the increasing popularity of Hedge Funds, new laws, guidelines and regulations may be adopted covering investment in the Hedge Fund sector and these laws, guidelines and regulations could limit the growth of the Group's business or have an otherwise negative impact on any businesses the Company invests in;
8. the Company expects to grow through transactions which are likely to include the acquisition of and investment in Hedge Fund management firms. The management of such growth will require, among other things, stringent control of financial systems and operations, the continued development of the Company's management controls and the training of new personnel. Failure to manage its rapid growth and development successfully could have a material adverse effect on the Company's financial condition and results of operations;

9. to the extent that the Company's revenues and costs are denominated in more than one currency, there is a risk from foreign exchange fluctuations;
10. the ability of the Directors to implement the Company's investment strategy could be adversely affected by changes in the economy and/or in the sectors in which they intend to invest. Although the Company has a defined strategy, there can be no guarantee that its objectives or any of them will be achieved on a timely basis or at all;
11. The Company intends to issue Ordinary Shares to satisfy all or part of the consideration payable for acquisitions and as such it is likely that the interests in the Company of Placees and other investors following Admission will be diluted;
12. although it is the Company's intention to issue Ordinary Shares to satisfy all or part of the consideration payable for acquisitions, sellers of Targets or assets may not be prepared to accept shares traded on AIM and therefore the Company may not be able to pursue its strategy;
13. the Company may face competition from various organisations wishing to invest in similar businesses and companies. Some of these competitors may have greater resources than the Company. There can be no assurance that such competition will not limit the Company's ability to implement its strategy; and
14. it may be necessary for the Company to raise additional capital in future years to finance the growth of the Company through future stages of development. Any such capital may not be available to the Company on favourable terms or at all and will, if existing shareholders choose not to subscribe, lead to a dilution of their interest.

These risk factors do not necessarily comprise all those associated with an investment in the Company.

## PART 3A

### Accountant's Report on the Company



BDO Stoy Hayward

Chartered Accountants

BDO Stoy Hayward LLP  
8 Baker Street  
London W1U 3LL

The Directors  
Alpha Strategic PLC  
8 Barton Street  
London SW1P 3NE

The Directors  
Strand Partners Limited  
26 Mount Row  
London W1K 3SQ

2 August 2005

Dear Sirs

#### **Alpha Strategic PLC (“the Company”)**

#### **Introduction**

We report on the financial information set out in Part 3B. This financial information has been prepared for inclusion in the admission document dated 2 August 2005 of the Company (“Admission Document”).

#### **Responsibilities**

As described in paragraph 1 to the financial information, the Directors of the Company are responsible for the preparing the financial information on the basis of preparation set out in paragraph 2 to the financial information and in accordance with generally accepted accounting principles and practices in the United Kingdom.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated in accordance with the basis of preparation set out in paragraph 2 to the financial information.

**Declaration**

Having taken all reasonable steps to ensure that such is the case, the information contained in this report is, to the best of our knowledge and belief, in accordance with the facts and contains no omissions likely to affect its import.

Yours faithfully

BDO Stoy Hayward LLP  
Chartered Accountants

## Part 3B: Financial Information on the Company

### 1. Responsibility

The Directors of the Company are responsible for the financial information set out below.

### 2. Accounting policies

The financial information has been prepared under the historical cost convention and in accordance with generally accepted accounting principles and practices in the United Kingdom.

The Company was incorporated on 10 March 2005 under the name of Tribepride plc and changed its name to Alpha Strategic PLC on 11 July 2005. Since incorporation, the Company has not traded, nor has it received any income, incurred any expenses or paid any dividends. Consequently no profit and loss account is presented. No financial statements have been drawn up.

### Balance sheet as at 10 March 2005

	<i>As at 10 March 2005 £</i>
<b>Current assets</b>	
Debtors – unpaid share capital	<u>2</u>
<b>Net assets</b>	<u><u>2</u></u>
<b>Share capital and reserves</b>	
Called up share capital	<u>2</u>
<b>Shareholders' funds – equity</b>	<u><u>2</u></u>

### Share capital

The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each, of which two were issued nil paid.

On 8 July 2005, the authorised share capital was increased to £150,000 by the creation of 500 ordinary shares of £1 each and 2,000 'A' ordinary shares of £24.75 each.

On 8 July 2005 both subscriber shares were paid up in full and 498 ordinary shares of £1 each were issued for cash at par value and 2,000 'A' ordinary shares of £24.75 each were issued for cash at par value.

On 1 August 2005 each of the ordinary shares of £1 each was sub-divided into 100 Ordinary Shares of 1 pence each.

## PART 4

### Additional Information

The Directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Directors, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.

#### 1. The Company

- 1.1 The Company was incorporated and registered in England and Wales under the Act on 10 March 2005 under the name of Tribepride plc with registered number 5387808, as a public company limited by shares.
- 1.2 The name of the Company was changed to Alpha Strategic PLC on 11 July 2005.
- 1.3 The Company's principal place of business is at 8 Barton Street, London SW1P 3NE.
- 1.4 The liability of the members of the Company is limited.

#### 2. Share capital of the Company

- 2.1 The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1, two of which were issued nil paid to the subscribers to the memorandum of association. On 30 June 2005 one subscriber share was transferred to Colin Barrow and the other was transferred to Christopher Malthouse.
- 2.2 By a written resolution passed on 8 July 2005 the authorised share capital was increased by £50,000 by the creation of 500 ordinary shares of £1 each and 2,000 'A' Shares.
- 2.3 On 8 July 2005 both subscriber shares were paid up in full and the following persons subscribed for the following shares:

<i>Name</i>	<i>Class of share</i>	<i>Nominal value</i>	<i>Number of shares</i>	<i>Amount paid up</i>
Colin Barrow	ordinary share	£1.00	249	£249
Colin Barrow	'A' Share	£24.75	1,000	£24,750
Christopher Malthouse	ordinary share	£1.00	249	£249
Christopher Malthouse	'A' Share	£24.75	1,000	£24,750

- 2.4 By ordinary resolution passed on 1 August 2005 each of the ordinary shares of £1.00 each was sub-divided into 100 Ordinary Shares.

2,950,000 Placing Shares have been conditionally placed by the Company at a price of 100p per Placing Share raising £2,950,000 before expenses. In aggregate, Christopher Malthouse and Colin Barrow have subscribed £550,000 for 550,000 Ordinary Shares and 2,000 'A' Shares.

- 2.5 The authorised and issued share capital of the Company (which is created pursuant to the Act), of which all of the issued shares are fully paid up, as at the date of publication of this document is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares	10,050,000	100,500	50,000	500
'A' Shares	2,000	49,500	2,000	49,500

- 2.6 The authorised and issued share capital of the Company immediately following Admission is expected to be as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>Amount (£)</i>	<i>Number</i>	<i>Amount (£)</i>
Ordinary Shares	10,050,000	100,500	3,000,000	30,000
'A' Shares	2,000	49,500	2,000	49,500

Following completion of the Placing, the issued share capital of the Company will represent the following proportions of:

authorised nominal value of Ordinary Shares      29.9 per cent.  
authorised nominal value of 'A' Shares              100 per cent.

- 2.7 Pursuant to an ordinary resolution of the Company dated 1 August 2005, the Directors are generally and unconditionally authorised pursuant to section 80 of the Act, in substitution for any equivalent authorities or powers granted to the Directors prior to the passing of this resolution, to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £59,650 such authority to expire upon the date which is 5 years from the date of passing of the resolution save for the allotment of relevant securities under this authority in pursuance of an agreement so to do made by the Company before the expiry of such authority.
- 2.8 Pursuant to a special resolution of the Company dated 1 August 2005, the Directors are empowered pursuant to section 95(1) of the Act, to exercise the authority of the Directors under section 80 of the Act conferred by paragraph 2.7 above as if the provisions of section 89(1) of the Act did not apply to such allotment provided that such disapplication shall only apply to allotments in connection with the Placing, the Strand Warrant (limited to an aggregate nominal amount of £20,000), the Teather & Greenwood Warrant and thereafter upto an aggregate nominal amount of £1,500 (being 5 per cent. of the issued Ordinary Share capital following Admission) and such authority shall expire fifteen months following such date or, if earlier, at the date of the first annual general meeting of the Company.
- 2.9 The provisions of section 89(1) of the Act (to the extent not disapplied pursuant to section 95 of the Act) confer on the Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 2.8 above.
- 2.10 Save as mentioned in this paragraph 2:
- 2.10.1 no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;
  - 2.10.2 there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
  - 2.10.3 there are no outstanding convertible securities issued by the Company; and
  - 2.10.4 no share capital or loan capital of the Company is in issue and no such issue is proposed.
- 2.11 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.
- 2.12 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to CRESTCo Limited for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued.

### **3. Memorandum of association**

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 12 of this Part 4.

### **4. Articles of association**

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

#### *4.1 Share Capital*

The share capital of the Company is divided into two classes of shares, namely Ordinary Shares and 'A' Shares

Each 'A' Share shall become convertible at the election of each holder of 'A' Shares into Ordinary Shares between the first and fifth anniversary of Admission, conditional on the average closing mid-market price as derived from AIM or some other recognised exchange for each Ordinary Share being equal to or greater than a sum which is double the Placing Price over thirty consecutive business days in that period. To the extent that any 'A' Shares remain unconverted on the fifth anniversary following Admission the remaining 'A' Shares shall become convertible at the election of each holder of 'A' Shares into Ordinary Shares between the fifth and tenth anniversary of Admission conditional on the average closing mid-market price as derived from AIM or some other recognised exchange for each Ordinary Share being equal to or greater than a sum which is triple the Placing Price over thirty consecutive business days in that period.

In any event, each 'A' Share shall be capable of being converted at any time when any person (and any persons acting in concert with such person) acquires, or acquires the right to exercise, 50 per cent. or more of the voting share capital of the Company, or on a winding-up of the Company. The value of the Ordinary Shares issued on conversion of the 'A' Shares, assuming all the 'A' Shares are converted simultaneously, would be equal to 10 per cent. of the Fully Diluted Equity. Each 'A' Share shall convert into 0.005 per cent. of the Fully Diluted Equity. Any nominal value of 'A' Shares not converted into nominal value Ordinary Shares upon exercise of the conversion rights shall be converted into Deferred Shares.

The 'A' Shares carry the right to participate in a distribution of assets on a winding up as if they had converted into Ordinary Shares as described in this paragraph after 14 months from Admission, but the holders of the 'A' Shares do not have the right to vote at general meetings of the Company or to be paid a dividend.

The Deferred Shares arising on conversion of the 'A' Shares do not have the right to be paid a dividend or to receive notice of or to attend or vote at general meetings of the Company. On a winding up the holders of the Deferred Shares have the right to receive the nominal value of the shares held after the distribution of the first £10,000,000,000 of assets to the holders of Ordinary Shares. The Company may purchase all the Deferred Shares for an aggregate amount of 1p.

#### *4.2 Voting Rights*

Subject to any special rights or restrictions as to voting attached to any class of shares, at any general meeting on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. Unless the Directors otherwise determine, a member is not entitled to vote in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act and fails to supply the Company with the information thereby required within the period set down by the Articles.

#### 4.3 *Variation of Rights*

4.3.1 The rights attached to any class of shares for the time being in issue may be varied or abrogated either as may be provided by such rights or in the absence of any such provision with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings shall apply so far as applicable and with the necessary modifications save that (a) no member, not being a Director, shall be entitled to notice thereof or to attend thereat unless he be a holder of shares of the relevant class (b) no vote shall be given except in respect of a share of that class (c) the necessary quorum at any such meeting other than an adjourned meeting shall be not less than two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question (d) at an adjourned meeting one person holding shares of the class in question or his proxy shall constitute a quorum and (e) any holder of shares of the class in question present in person or by proxy and entitled to vote at the meeting may demand a poll.

4.3.2 The Company may by ordinary resolution increase its share capital, consolidate all or any of its shares into shares of a larger amount, sub-divide its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled.

4.3.3 The Company may by special resolution, subject to the provisions of the Act, reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve. The Company may also, subject to the requirements of the Act, purchase its own shares.

#### 4.4 *Transfer of shares*

The transfer of a share shall be effected in writing in any usual or common form or in any other form acceptable to the Directors and shall be signed by or on behalf of the transferor. The Articles contain no restrictions on the free transferability of Ordinary Shares save in exceptional circumstances, provided that the instrument of transfer is in favour of not more than four transferees and is in respect of only one class of shares, and the provisions in the Articles relating to the deposit of instruments of transfer have been complied with.

#### 4.5 *Pre-emption Rights*

In certain circumstances, the Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Shareholders.

#### 4.6 *General Meetings*

All general meetings shall be held at such time (being, in the case of annual general meetings, not more than 15 months after the previous annual general meeting) and place as the Board may determine by 21 clear days notice in the case of annual general meetings and general meetings at which special resolutions are proposed and 14 clear days in other circumstances. Notices to all general meetings shall be provided to all shareholders (except holders of Deferred Shares and those who under the conditions of issue of the shares are not entitled to receive notice), the Directors, any alternate directors, the auditors and where required by the Act former auditors of the Company; who shall be entitled to attend such general meetings. In addition any validly appointed proxy or authorised representative may attend a general meeting of the Company. The quorum for general meetings is two or more shareholders present in person or by proxy and entitled to

vote at the meeting (by their shareholding or by being appointed a valid proxy). Where such a quorum is not present within fifteen minutes from the time appointed for the meeting, it shall be adjourned to such other day and at the same place and time as may have been specified for the purpose of the meeting or (if not specified) as the Chairman may determine and in the latter case, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. The quorum for the adjourned meeting shall be the same as that for the initial meeting, provided however, that if a quorum is not present within fifteen minutes from the time set, the meeting shall be dissolved.

#### 4.7 *Dividends and distribution of assets on liquidation*

The holders of the shares are entitled *pari passu* amongst themselves (irrespective of whether the Shareholders are UK resident or non UK resident), but in proportion to the number of shares held by them to share in the whole of the profits of the Company available for dividend and resolved to be distributed and such proportion of any surplus in the event of the liquidation of the Company as the liquidator may determine. There are no specific provisions as to the date, amount or nature of the dividend payments.

#### 4.8 *Unclaimed dividends*

Any dividend unclaimed after a period of twelve years from the due date of its payment shall be forfeited and shall cease to remain owing by the Company and shall henceforth belong to the Company absolutely.

#### 4.9 *Borrowing powers*

Subject to the further provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

#### 4.10 *Directors*

4.10.1 Directors should not be less than two. The maximum number of directors is ten, but this may be varied by ordinary resolution of the Company.

4.10.2 Save as mentioned below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal whatsoever in which he has to his knowledge material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company but otherwise a Director may so vote in respect of any contract or arrangement or any other proposal in which his interest is not material. A Director shall not be counted in the quorum at a meeting in relation to any resolution from which he is debarred from voting.

4.10.3 Subject to the provisions of the Act a Director shall (in the absence of some material interest other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

4.10.3.1 the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

4.10.3.2 the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part by the giving of security or under a guarantee or indemnity;

4.10.3.3 any proposal concerning an offer of securities of or by the Company or any of its subsidiaries under an offer in which he is or may be entitled to participate as a holder of securities or as a participant in the underwriting or sub-underwriting thereof;

- 4.10.3.4 any proposal relating to any other company in which he does not to his knowledge hold an interest in shares representing one per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of the relevant company;
  - 4.10.3.5 any arrangement for the benefit of employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
  - 4.10.3.6 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of persons including Directors of the Company.
- 4.10.4 Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned (if not debarred from voting under the proviso to sub-paragraph 4.10.3 above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 4.10.5 If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting (or, where such question shall arise concerning such chairman, to such other Director present at the meeting as the Directors present, other than such chairman, shall by majority vote appoint) and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature and extent of the interests of the Director concerned have not been fairly disclosed.
- 4.10.6 The aggregate ordinary remuneration of the Directors shall not exceed £150,000 per annum or such higher sum as the Company may by ordinary resolution determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company, or otherwise in connection with the business of the Company. The Directors may pay extra remuneration out of the funds of the Company by way of salary, commission or otherwise to any Director who holds an executive office or otherwise performs services for the Company outside the scope of the ordinary duties of a Director.
- 4.10.7 The Directors may (by the establishment or maintenance of schemes or otherwise) give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to past or present Directors or employees of the Company or any of its subsidiaries or any company allied to or associated with, any of them or to or for the benefit of persons who are related to or dependants of any such Directors or employee.
- 4.10.8 Section 293 of the Act applies to the Company.

## **5. United Kingdom Taxation**

**The comments set out below summarise certain aspects of the UK taxation treatment of the Placing. They are based on existing law and on what is understood to be current Inland Revenue practice. They are intended as a general guide and apply to Shareholders resident or ordinarily resident for tax purposes in the UK (save where express reference is made to persons resident outside the UK) who hold Ordinary Shares as an investment and**

**who are the absolute beneficial owners thereof. The comments below may not apply to certain classes of persons such as dealers or persons holding Ordinary Shares in a Personal Equity Plan or an Individual Savings Account. Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.**

#### 5.1 *Taxation of chargeable gains*

A subsequent disposal of all or any of the Ordinary Shares may, depending on their individual circumstances, give rise to a liability to UK taxation of chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are neither resident nor ordinarily resident in the UK.

#### 5.2 *Dividends*

There is no withholding tax on dividends nor is the Company liable to account for any tax to the Inland Revenue on dividends.

A Shareholder who is an individual resident for tax purposes in the UK and who receives a dividend will be entitled to a tax credit equal (at current rates) to one ninth of the dividend. The individual will be taxable on the total of the dividend and the related tax credit ("the gross dividend") which will be regarded as the top slice of the individual's income. The tax credit will discharge in full the income tax liability of a starting rate, lower rate or basic rate tax payer, but a higher rate tax payer will have an additional liability. Currently, an individual subject to the higher rate of tax will pay tax on the gross dividend at the rate of 32.5 per cent. of the gross dividend less the tax credit.

It will not be possible for UK resident Shareholders to claim repayment of the tax credit in respect of dividends.

A Shareholder that is a company resident for tax purposes in the UK will not generally be taxable on any dividend it receives from the Company.

The right of a Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit will depend on the existing terms of any double taxation convention between the UK and country in which the holder is resident. Holders who are not solely resident in the UK should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of that tax credit and, if so, the procedure for doing so. In general, only non-UK resident Shareholders with holdings of above 10 per cent. in the Company are likely to be able to claim repayment of any part of the tax credit under the terms of a relevant double tax treaty and, even in such circumstances, the amount of repayment available will be very small.

#### 5.3 *Stamp Duty and Stamp Duty Reserve Tax*

The following comments are intended as a guide to the general position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons concerned with depository arrangements or clearance services to which special rules apply.

The issue of the Placing Shares by the Company will not give rise to a charge to stamp duty or stamp duty reserve tax ("SDRT").

An agreement to sell Ordinary Shares will usually give rise to a liability on the purchaser to pay SDRT normally at the rate of 0.5 per cent. of the amount or value of the consideration given. If an instrument of transfer of the Ordinary Shares is subsequently executed, it will generally be subject to stamp duty normally at the rate of 0.5 per cent. of the amount or value of the consideration given. When such stamp duty is paid within six years of the agreement to sell, the SDRT charge will be cancelled and any SDRT already paid will be refunded.

## 6. Substantial shareholders

In so far as is known to the Company, the holders of Ordinary Shares (other than the Directors) representing three per cent. or more of the nominal value of the Company's share capital or who, directly or indirectly, jointly or severally, exercise control over the Company on Admission, including their percentage holdings are as follows:

<i>Shareholder</i>	<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>
Pershing Keen Nominees Limited	350,000	11.66
David Harding	337,601	11.25
KBC Peel Hunt Limited	299,999	9.99
IGPL Limited	250,000	8.33
Strand Associates Limited	200,005	6.66
Malcolm Easey	150,000	5.00
Horizon Management DP Limited	135,000	4.49
Theodore Agnew	100,000	3.33
John McLaren	100,000	3.33
John Edelson	100,000	3.33
Adam & Company (Nominees) Limited	100,000	3.33

All shareholders have the same voting rights as set out in paragraph 4.2 of this Part 4.

## 7. Directors' interests and other matters

7.1 The interests of the Directors, their immediate families and persons connected with them, within the meaning of section 346 of the Act, in the share capital of the Company, all of which are beneficial, at the date of this document and the date of Admission are as follows:

	<i>At the date of this document and immediately following Admission</i>		<i>At the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Number of 'A' Shares</i>	<i>Percentage of the issued 'A' Share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>
Colin Barrow	1,000	50.0	25,000	50.0	500,000	16.7
Christopher Malthouse*	1,000	50.0	25,000	50.0	50,000	1.7
Colin Clark	—	—	—	—	100,000	3.3

\* 25,000 Ordinary Shares are legally held by JM Finn Nominees Limited as bare nominee

7.2 Except as disclosed in paragraph 7.1, none of the Directors, nor any member of their respective immediate families, nor any person connected with them within the meaning of section 346 of the Act, is interested in the share capital of the Company, or in any related financial products referenced to the Ordinary Shares or the 'A' Shares.

7.3 The Directors, whose names appear on page 6 of this document, have been appointed to the offices set out against their respective names.

- (i) Christopher Malthouse entered into a service contract conditional on Admission with the Company on 1 August 2005 which provides for him to act as the Chief Executive of the Company for an initial salary of £100,000 per annum. His appointment shall continue unless terminated by either party giving not less than twelve months notice. The salary will be reviewed by the Board annually in April of each year but (for the avoidance of doubt) the first of these reviews will not take place until April 2006.
- (ii) Colin Barrow entered into a service contract conditional on Admission with the Company on 1 August 2005 which provides for him to act as the executive Chairman of the Company for an initial salary of £60,000 per annum, working on average

15 hours per week. His appointment shall continue unless terminated by either party giving not less than twelve months notice. The salary will be reviewed by the Board annually in April of each year but (for the avoidance of doubt) the first of these reviews will not take place until April 2006.

- (iii) Colin Clark was appointed a non-executive Director of the Company pursuant to a letter of appointment dated 8 July 2005 conditional on Admission. Pursuant to this letter of appointment he will receive £20,000 per annum and will be required to attend all board meetings and to serve on any committee of the board. His appointment is terminable on three months written notice by either party.

7.4 The aggregate remuneration paid and benefits in kind granted to the Directors for the period from incorporation to Admission, under the arrangements in force at the date of this document, amount to £ nil. It is estimated that the aggregate remuneration and benefits in kind payable to the Directors in the current financial year under arrangements in force at the date of this document will amount to approximately £133,000.

7.5 The Directors have held the following directorships and partnerships within the five years prior to the publication of this document:

	<i>Current</i>	<i>Past</i>
Colin Barrow	Sabre Fund Management Limited Sabre Fund Management Group Limited Sabre Systems Arbitrage Hub Fund Sabre SW1 Hub Fund Localis Research Limited Eiger Capital Limited Conservatives For Change Limited Policy Exchange Limited National Autistic Society(The) Nas Services Limited Traffic Limited Quantinvest Management Limited Quantinvest Limited Noble Investment SA	Sabre Securities Limited Sabre Investments Limited Sabre Sentry Hub Fund Sabre Market Neutral Hub Fund Sabre Select Hub Fund Sabre SW1 Guaranteed Hub Fund Sabre Elite Managers Limited Sabre Select 2000 Hub Fund Limited Sabre Market Neutral Hub Fund II Limited Sabre Argyll Limited Local Government Training & Research Services Limited Any-Web Limited Ballet Rambert Limited Rambert Trust Limited Webhound Limited The Local Government Information House Limited Improvement and Development Agency for Local Government Visceral The With Profits Plus Fund PLC
Christopher Malthouse	County Holdings Limited County Asset Finance Limited County Plant and Equipment Sales Limited Hop Airways Limited	Cannock Investments Limited Cannock Developments Limited Port@l Limited Port@l Glasgow Limited Hadrian East Management Limited Heyford Contracting Limited

	<i>Current</i>	<i>Past</i>
Colin Clark	Standard Life Investments Limited 910 Via Piana Limited Barchester Group Royal Marsden Cancer Campaign Barchester Films Limited	Merrill Lynch Investment Managers Limited Merrill Lynch Investment Managers Kapitalanlagegesellschaft MBH Merrill Lynch Pensions Limited 55 Drayton Gardens Residents Association Limited

7.6 No Director has:

- 7.6.1 any unspent convictions in relation to indictable offences;
  - 7.6.2 had a bankruptcy order made against him or entered into an individual voluntary arrangement;
  - 7.6.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - 7.6.4 been publicly criticised by any statutory or regulatory authority, including recognised professional bodies;
  - 7.6.5 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;
  - 7.6.6 been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within 12 months preceding such event; or
  - 7.6.7 received public criticisms by statutory or regulatory authorities (including designated professional bodies) and no director has been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 7.7 No Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

## 8. Litigation

The Company is not involved in any governmental, legal or arbitration proceedings which have or, since incorporation, may have had a significant effect on the Company's financial position or profitability nor, so far as the Directors are aware, are any such proceedings active, pending or threatened against the Company.

## 9. Material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material.

- 9.1 Pursuant to an instrument adopted by the Company on 1 August 2005, the Company granted Strand Partners a warrant, subject only to Admission, to subscribe for Ordinary Shares. The principal terms of the Strand Warrant are as follows:
  - 9.1.1 Strand Partners will be entitled to subscribe at the Placing Price for such number of Ordinary Shares which are equivalent to one per cent. of the issued Ordinary Share capital of the Company at the time of exercise, excluding any Ordinary Shares created as a result of conversion of the 'A' Shares and excluding Ordinary Shares issued as a result of prior exercise of the Strand Warrant;

- 9.1.2 the warrant may be exercised at any time during the period of five years from the date of Admission;
  - 9.1.3 Ordinary Shares issued on the exercise of the Strand Warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the Ordinary Shares in issue on the date of such exercise;
  - 9.1.4 the number of Ordinary Shares issued on exercise of the Strand Warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
  - 9.1.5 if a takeover offer is made to all holders of Ordinary Shares, the Company will use reasonable endeavours to procure a comparable offer to Strand Partners.
- 9.2 Pursuant to an instrument adopted by the Company on 1 August 2005, the Company granted Teather & Greenwood a warrant, subject only to Admission, to subscribe for Ordinary Shares. The principal terms of the Teather & Greenwood Warrant are as follows:
- 9.2.1 Teather & Greenwood will be entitled to subscribe at the Placing Price for 15,000 Ordinary Shares;
  - 9.2.2 the warrant may be exercised at any time during the period of five years from the date of Admission;
  - 9.2.3 Ordinary Shares issued on the exercise of the Teather & Greenwood Warrant will rank for dividends or other distributions declared, made or paid by the Company after the date of exercise, but not before such date, and otherwise equally in all respects with the Ordinary Shares in issue on the date of such exercise;
  - 9.2.4 the number of Ordinary Shares issued on exercise of the Teather & Greenwood Warrant and the subscription price will be adjusted upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital; and
  - 9.2.5 if a takeover offer is made to all holders of Ordinary Shares, the Company will use reasonable endeavours to procure a comparable offer to Teather & Greenwood.
- 9.3 On 12 July 2005, the Company (1) and Teather & Greenwood (2) entered an agreement pursuant to which Teather & Greenwood will provide certain services in connection with Admission. Teather & Greenwood will receive a fee of £25,000, the issue to it of the Teather & Greenwood Warrant and a commission of 5 per cent. of the value of any securities that it finds subscribers for pursuant to the Placing. The agreement contains certain undertakings and an indemnity from the Company to Teather & Greenwood.
- 9.4 On 1 August 2005, the Company (1), the Directors (2) and Teather & Greenwood (3) entered into a broker agreement. Under this agreement Teather & Greenwood will receive an annual retainer of £20,000 for ongoing broker services. The agreement contains certain undertakings and an indemnity from the Company to Teather & Greenwood.
- 9.5 On 28 July 2005, the Company (1), the Directors (2) and Strand Partners (3) entered into an agreement pursuant to which, Strand Partners was appointed to assist with the Admission of the Ordinary Shares. Strand Partners will receive a fee of £100,000, the issue to it of the Strand Warrant and a commission of 4 per cent. of the value of any securities that it finds subscribers for pursuant to the Placing in consideration of its services in connection with Admission.

The agreement contains certain warranties and an indemnity from the Company and the Directors in favour of Strand Partners together with provisions enabling Strand Partners to terminate the agreement prior to Admission if, amongst others, any of the warranties are found not to be true or accurate in any respect or on the occurrence of an event fundamentally and adversely affecting the position of the Company.

- 9.6 On 1 August 2005, the Company (1) and Strand Partners (2) entered into a nominated adviser agreement terminable by either party on 3 months' written notice. Under this agreement Strand Partners will receive conditional on Admission an annual retainer of £25,000 for ongoing nominated adviser services.

The Company has agreed to comply with its legal obligations and those of AIM and the London Stock Exchange and to consult and discuss with Strand Partners all of its announcements and statements and to provide Strand Partners with any information which Strand Partners believes is necessary to enable it to carry out its obligations to the Company or the London Stock Exchange as nominated adviser.

- 9.7 The Company has entered the placing agreements with the following Placees to subscribe for Ordinary Shares at the Placing Price as follows:

<i>Name of Placee</i>	<i>No. of Ordinary Shares</i>
Colin Barrow	475,000
David Harding	337,601
Pershing Keen Nominees Limited	350,000
KBC Peel Hunt Limited	299,999
IGPL Limited	250,000
Strand Associates Limited	200,005
Malcolm Easey	150,000
Horizon Management DP Limited	135,000
Colin Clark	100,000
Theodore Agnew	100,000
John McLaren	100,000
John Edelson	100,000
Adam & Company (Nominees) Limited	100,000
Saminvest (Jersey) Limited	56,266
Amalco Investments Limited	56,266
Martin Hunt	26,411
Kit Malthouse	25,000
David Stocker	20,000
Bolton Agnew	20,000
Teather & Greenwood Limited	15,000
Ali Nejjar	12,614
Anthony Daniell	10,838
Jonathan Djanogly	10,000

In all cases the placings are conditional on Admission and the Company raising not less than £2,950,000 in the Placing. The subscription list for the Placing may be closed any time, but not later than 30 September 2005. Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by the Company until such time as the placing letters become unconditional in all respects. If the placing letters do not become unconditional in all respects by 30 September 2005, application monies will be returned to the applicants at their risk with interest.

- 9.8 On 26 July 2005 David Harding entered into a lock-in agreement whereby he undertook to the Company and Strand Partners that except in limited circumstances he will not sell or dispose or agree to dispose of any of his Ordinary Shares for a period of 12 months from Admission.

## **10. Working capital**

It is the Directors' opinion, having made due and careful enquiry, that the working capital available to the Company, taking into account the net proceeds of the Placing receivable by the Company, will be sufficient for its present requirements, that is for at least 12 months from Admission.

## **11. General**

- 11.1 Except as set out in paragraph 9 of this Part 4, the Company has not traded or conducted business since its incorporation. There has been no significant change concerning the business of the Company since its incorporation and the prospects of the Company are dependent on the successful implementation of the strategy referred to in Part 1 of this document.
- 11.2 The expenses of the Placing (excluding the Strand Warrant and the Teather & Greenwood Warrant) are estimated at £295,000 (inclusive of VAT) and are payable by the Company.
- 11.3 The Company's accounting reference date is 31 March.
- 11.4 Except as stated in this document, there are no patents, or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 11.5 There are no significant investments in progress by the Company.
- 11.6 No exceptional factors have influenced the Company's activities.
- 11.7 Except as stated in this document and for the advisers named on page 6 of this document and trade suppliers, no person has received, directly or indirectly, from the Company within the 12 months preceding the Company's application for Admission to trading on AIM or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price or any other benefit with a value of £10,000 or more at the date of Admission.
- 11.8 Except as disclosed in this document, there has been no significant change in the financial or trading position of the Company since its incorporation.
- 11.9 Strand Partners has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.
- 11.10 Teather & Greenwood has given and not withdrawn its written consent to the issue of this document with references to its name in the form and context in which they appear.
- 11.11 The reporting accountants, BDO Stoy Hayward, have given and not withdrawn their written consent to the inclusion in this document of their report and references to it and to their name in the form and context in which they respectively appear.
- 11.12 The financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 240 of the Act.
- 11.13 The Placing Price of 100p represents a premium of 99p above the nominal value of an Ordinary Share, which is 1p.
- 11.14 It is expected that CREST accounts will be credited in respect of entitlements to Ordinary Shares, as applicable, on the date of Admission. Where Placees have requested to receive their Ordinary Shares in certificated form, share certificates will be despatched by first-class post within 14 days of the date of Admission.
- 11.15 The Ordinary shares have been allocated the International Securities Identification Number GB00B0CZZR45, which will be enabled at Admission.

## **12. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday, Saturdays, Sundays and public holidays excepted, at the offices of SJ Berwin LLP at 222 Gray's Inn Road, London WC1X 8XF for a period of one month from the date of this document:

- (a) the memorandum and articles of association of the Company;
- (b) the lock-in agreements referred to in Part 1 of this document;

- (c) the report of BDO Stoy Hayward set out in Part 3 of this document;
- (d) the service contracts and letter of appointment of the Directors referred to in paragraph 7 of this Part 4;
- (e) the material contracts referred to in paragraph 9 of this Part 4; and
- (f) the written consents of Strand Partners, Teather & Greenwood and BDO Stoy Hayward referred to in paragraphs 11.9, 11.10 and 11.11 respectively of this Part 4.

**13. Copies of this document**

Copies of this document will be available to the public free of charge at the offices of SJ Berwin LLP at 222 Gray's Inn Road, London WC1X 8XF during normal business on any weekday (other than Saturdays, Sundays and public holidays), until one month following the date of Admission.

Dated: 2 August 2005



